CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 4, 2007

S. 879

No Oil Producing and Exporting Cartels Act of 2007

As ordered reported by the Senate Committee on the Judiciary on April 25, 2007

S. 879 would seek to prohibit foreign states from working collectively to limit the production, set the price, or otherwise restrain the trading of petroleum and natural gas when such actions affect U.S. markets. The bill would authorize the Department of Justice (DOJ) to enforce the legislation by filing antitrust actions in federal courts. The bill also would provide that foreign states that restrain trade in petroleum and natural gas would not be immune from the judgment of U.S. courts under the doctrine of sovereign immunity.

CBO cannot project the cost of implementing S. 879 because we have no basis for assessing the likelihood that the Administration might initiate antitrust actions against foreign states under the bill. Based on information from DOJ on the costs of investigations of alleged antitrust violations, CBO estimates that similar investigations to those that might be brought under S. 879 could cost up to $4 million per year, subject to appropriation of the necessary funds.

S. 879 could result in the collection of additional criminal or civil penalties. Collections of criminal fines are recorded in the budget as revenues, which are deposited in the Crime Victims Fund and later spent. Civil fines are also recorded as revenues. CBO cannot estimate the impact of S. 879 on direct spending and revenues because we cannot determine whether DOJ would file suit against alleged violators, whether the agencies would win such legal action, or the amount of any penalties that might be collected by federal agencies.

S. 879 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Daniel Hoople. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.